

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, Joseph T. Kelliher,
and Suede G. Kelly.

Southern California Edison Company

Docket No. ER05-170-000

ORDER ACCEPTING AND SUSPENDING PROPOSED AGREEMENTS AND
ESTABLISHING HEARING AND SETTLEMENT JUDGE PROCEDURES

(Issued December 29, 2004)

1. On November 1, 2004, Southern California Edison Company (SoCal Edison) filed several unexecuted interconnection facilities agreements (IAs) between SoCal Edison and the State of California Department of Water Resources (CDWR) and an agreement for wholesale distribution service (Service Agreement)¹. As discussed below, the Commission accepts the agreements, suspends them for a nominal period, to become effective January 1, 2005, subject to refund, and establishes hearing and settlement judge procedures. This order benefits customers by ensuring just and reasonable rates.

I. The Filing

2. SoCal Edison states that the new IAs provide for interconnection service to CDWR's Edmonston Pumping Plant, Pearblossom Pumping Plant and Oso Pumping Plant loads and to CDWR's William E. Warne Power Plant and Alamo Power Plant resources. SoCal Edison states that these IAs allow it to recover the cost of interconnection facilities solely dedicated to CDWR. SoCal Edison also states that the monthly charges under the IAs are based upon the cost of the facilities directly assigned to each CDWR load and resource and are calculated using a traditional revenue requirement method.

¹ Service Agreement No. 34 (Service Agreement) is an Interconnection Facilities Agreement between CDWR and SoCal Edison that provides Interconnection Service of 82 MW output from the William E. Warne Power Plant to the California Independent System Operator Corporation (CAISO) Grid.

3. SoCal Edison states that these IAs will replace power contracts that provided bundled interconnection, transmission, integration, and exchange of energy services for specified loads and resources and that will expire on December 31, 2004. It requests the January 1, 2005 effective date to coincide with the expiration of the previous contracts.

4. SoCal Edison further states that the Service Agreement provides for wholesale distribution service from CDWR's Devil Canyon Recovery Plant to the CAISO - controlled grid at SoCal Edison's Vista Substation. SoCal Edison maintains that there are no charges under the Service Agreement and that the Real Power Loss Factor is the same as that approved by the Commission in Docket No. ER04-572-000. SoCal Edison also requests an effective date of January 1, 2005 for the Service.

II. Notices and Further Filings

5. Notice of SoCal Edison's filing was published in the *Federal Register*, 69 Fed. Reg. 67,569 (2004), with interventions and protests due on or before November 18, 2004. CDWR and the Metropolitan Water District of Southern California (Metropolitan) filed motions to intervene and protest. CAISO filed a motion to intervene out of time and SoCal Edison filed an answer.

6. Protesters request that the Commission send this proceeding to settlement discussions to give the parties an opportunity to reach a settlement. CDWR argues that the IAs improperly require that its loads be operated to prevent voltage imbalances. It argues that the Commission has previously denied CDWR's request to provide voltage support to the CAISO, that its tariff does not authorize the dispatch of voltage support, and that the CAISO has exclusive responsibility for short term reliability support. CDWR also states that it has several other concerns regarding the IAs' load and generation provisions, and communications and telemetry requirements.

7. Metropolitan argues that SoCal Edison failed to provide revenues comparison between service under the existing and proposed agreements to determine whether the costs in the proposed IAs are just and reasonable. Metropolitan also protests several inconsistencies in the IAs in differentiating between load or generator interconnections, and states concerns over SoCal Edison's unity power factor and reactive power requirements. Finally Metropolitan asserts that the IAs contain provisions that conflict with the CAISO tariff.

8. In its answer, SoCal Edison agrees to participate in settlement discussions and states that the discussions will most likely resolve all of the protesters' concerns. SoCal Edison agrees to amend the IAs so that the power factor range will agree with the CAISO's tariff and to not require pump load to participate in congestion management.

III. Discussion

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2004), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2004), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept SoCal Edison's answer because it has provided information that assisted us in our decision-making process.

10. The Service Agreement is a generator interconnection agreement² that replaces an expiring interconnection agreement. Although the facility in this agreement would be considered a large generating facility under Order No. 2003,³ we conclude that the Service Agreement need not comply with Order No. 2003 for two reasons. First, because this agreement includes no proposed increases in capacity or material modifications of the characteristics of an existing generating facility, it is not a new interconnection request that triggers the applicability of Order No. 2003.⁴ Second, even if the agreement were considered a new interconnection request, SoCal Edison's filed procedures and agreements for interconnections with CAISO facilities continue to apply until the January 5, 2005 deadline for CAISO compliance with Order No. 2003,⁵ and any executed or unexecuted agreement submitted for Commission approval before the January 5, 2005 deadline, like the Service Agreement, need not comply with Order No. 2003.⁶

11. SoCal Edison's agreements raise issues of material fact that cannot be resolved based on the record before us, and are more appropriately addressed in the hearing and settlement judge procedures ordered below.

² There are four other agreements in this proceeding: three are load serving agreements, and one is an agreement for interconnection of a small generating facility of less than 20 MW.

³ Standardization of Generator Interconnection Agreements and Procedures, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160 (2004), *order on reh'g*, Order No. 2003-B, 109 FERC ¶ 61,287 (2004); *see also* Standardization of Generator Interconnection Agreements and Procedures, 106 FERC ¶ 61,009 (2004).

⁴ *See New England Power Co.*, 109 FERC ¶ 61,364 at P 12-13 (2004).

⁵ *See California Independent System Operator Corp.*, 108 FERC ¶ 61,315 at P 4 (2004).

⁶ Order No. 2003 at P 187.

12. Our preliminary analysis indicates that SoCal Edison's agreements have not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory or preferential or otherwise unlawful. Accordingly, we will accept the proposed agreements, suspend them for a nominal period, make them effective January 1, 2005, subject to refund, and set them for hearing and settlement judge procedures.

13. While we are setting these matters for a trial-type evidentiary hearing, we encourage the parties to make every effort to settle their disputes before hearing procedures are commenced. To aid the parties in their settlement efforts we will hold the hearing in abeyance and direct that a settlement judge be appointed, pursuant to Rule 603 of the Commission's Rules of Practice and Procedure.⁷ If the parties desire, they may, by mutual agreement, request a specific judge as the settlement judge in the proceeding; otherwise, the Chief Judge will select a judge for this purpose.⁸ The settlement judge shall report to the Chief Judge and the Commission within 60 days of the date of this order concerning the status of settlement discussions. Based on this report, the Chief Judge shall provide the parties with additional time to continue their settlement discussions or provide for commencement of a hearing by assigning the case to a presiding judge.

The Commission orders:

(A) The agreements are hereby accepted for filing, suspended for a nominal period, to become effective January 1, 2005, as requested, subject to refund, as discussed in the body of this order.

(B) Pursuant to the authority contained in and subject to the jurisdiction conferred on the Federal Energy Regulatory Commission by section 402(a) of the Department of Energy Organization Act and the Federal Power Act, particularly sections 205 and 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the Federal Power Act (18 C.F.R. Chapter I), a public hearing shall be held concerning the justness and reasonableness of the proposed Agreements. However, the hearing will be held in abeyance to provide time for settlement judge procedures as discussed in Paragraphs (C) and (D) below.

⁷ 18 C.F.R. § 385.603 (2004).

⁸ If the parties decide to request a specific judge, they must make their request to the Chief Judge by telephone at 202-502-8500 within five days of the date of this order. The Commission's website contains a listing of the Commission judges and a summary of their background and experience (www.FERC.gov – click on Office of Administrative Law Judges).

(C) Pursuant to Rule 603 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.603 (2004), the Chief Administrative Law Judge is hereby directed to appoint a settlement judge in this proceeding within fifteen (15) days of the date of this order. Such settlement judge shall have all the powers and duties enumerated in Rule 603 and shall convene a settlement conference as soon as practicable after the Chief Judge designates the settlement judge. If the parties decide to request a specific judge, they must make their request to the Chief Judge by telephone within five (5) days of the date of this order.

(D) Within sixty (60) days of the date of this order, the settlement judge shall file a report with the Chief Judge and the Commission on the status of the settlement discussions. Based on this report, the Chief Judge shall provide the parties with additional time to continue their settlement discussions, if appropriate, or assign this case to a presiding judge for a trial-type evidentiary hearing, if appropriate. If settlement discussions continue, the settlement judge shall file a report at least every sixty (60) days thereafter informing the Chief Judge and the Commission of the parties' progress toward settlement.

(E) If the settlement discussions fail and a trial-type evidentiary hearing is to be held, a presiding judge, to be designated by the Chief Judge, shall, within fifteen (15) days of the date of the presiding judge's designation, convene a prehearing conference in these proceedings in a hearing room of the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426. Such conference shall be held for the purpose of establishing a procedural schedule. The presiding judge is authorized to establish procedural dates, and to rule on all motions (except motions to dismiss) as provided in the Commission's Rules of Practice and Procedure.

By the Commission.

(S E A L)

Linda Mitry,
Deputy Secretary.